

FISCAL IMPACT STATEMENT ON BILL NO. **H.3191**

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TO:	The Honorable Ronald P. Townsend, Chairman, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell		
DATE:	January 11, 2005	SBD:	2005046
AUTHOR:	Representatives Bingham & Clark	PRIMARY CODE CITE:	59-42-10
SUBJECT:	Governor's School for Teaching, Learning and Technology		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

**BILL SUMMARY:**

House Bill 3191 establishes a Governor's School for Teaching, Learning and Technology. The school would be located within the boundaries of Richland or Lexington Counties, and be governed by a thirteen-member board of trustees.

**EXPLANATION OF IMPACT:**

The following estimates are based on cost data obtained from the State Department of Education, The Governor's School for Science and Math (GSSM), the Governor's School for Arts & Humanities (GSAH) and from local schools districts. However, unlike the two existing Governor's schools, it is assumed there would be no residential program. The schedule for implementation is based on Section 59-42-80, which states that the first year shall be dedicated to program and curriculum development and construction planning while enrollment of students shall begin in the third year of the school. Cost estimates are based on an anticipated enrollment of 1,260 students for K-12 and the capacity to serve 140 technical college students. **Cost estimates for the second and third year assume a 3.5% annual inflation factor.**

First Year

First year costs would include staff needed to begin program development, construction planning and overall coordination. Therefore, it is assumed this would include a principal, a program coordinator, a fiscal manager, and an administrative assistant. Total salary and fringe for these positions is estimated at \$250,000. One-time office set-up is estimated at \$3,500 per employee for a total of \$14,000. Other operating expenses are estimated at \$75,000. Total first year costs are therefore estimated at \$339,000.

Second Year

Second year costs would likely include the same recurring costs as the first year plus the addition of a human resource manager to begin recruiting and a procurement specialist to begin equipping the school. Salary and fringe for these additional staff are estimated at \$100,000. One-time office set-up is estimated at \$3,500 per employee for a total of \$7,000. Additional operating expenses are estimated at \$25,000. Therefore, second year personal service and operating costs (including an inflation factor) are estimated at \$473,000. In addition, second year cost would likely include school building construction. Estimated construction cost, excluding land acquisition, is \$19 million (including space for technical college classes) and would represent a one-time cost. Furniture, fixtures and equipment cost are estimated at 7% of construction cost, or \$1,330,000.

Third Year

Cost estimates for the third year represent full implementation. Seventy-four teachers would be needed based on a pupil-teacher ratio of 15:1 for K-3, and 18:1 for all other grades. Estimated salary and fringe for a teacher with a master's degree is \$60,000. Teacher to support and administrative staff (principal, counselors, administrative assistants, cafeteria staff, etc.) ratio is estimated at 1.8:1. Although administrative and support staff salaries will vary widely,

average salary and fringe for these staff is estimated at \$56,000. Total staff (excluding Outreach and the technical college component) would be approximately 115. The average operating expenditure per student is estimated at \$2,500, which includes, among other things, supplies and materials, utilities and contractual services.

In addition to normal school operations this school would be responsible for providing outreach services to disadvantaged school districts. Based on GSSM's experience, the estimated cost for this program is \$700,000 which would include salary & fringe for six additional employees, supplies and materials, travel, connectivity charges, other distance learning expenses, and housing for students and teachers participating in programs and observing from other schools.

The Bill also establishes a technical college component by providing that the school's curriculum shall include instruction through year fourteen. Total incremental cost to Midlands Technical College to provide instruction at one additional site is estimated at \$282,500. This would include compensation for adjunct staff, supplies, workshops, technology needs, and salary and fringe for one Program Coordinator at \$67,400.

#### Recapitulation

The following table represents a recapitulation of estimated costs for starting and operating this Governor's school.

<b>Governor's School for Teaching, Learning and Technology</b>			
Preliminary Cost Estimates			
	First <u>Year</u>	Second <u>Year</u>	Third <u>Year</u>
Personal Service	250,000	362,250	6,736,000
Other Operating	75,000	103,500	3,500,000
One-time Office Set-Up	14,000	7,250	-
Building Construction	-	19,000,000	-
Furniture, Fixtures & Equipment	-	1,330,000	-
Outreach	-	-	700,000
Technical College Component	-	-	282,500
<b>TOTAL</b>	<b>\$ 339,000</b>	<b>\$ 20,803,000</b>	<b>\$ 11,218,500</b>

#### **LOCAL GOVERNMENT IMPACT:**

None.

#### **SPECIAL NOTES:**

The cost for constructing the school could be financed through bond authorization thereby reducing second year costs. In addition, some of the costs could be offset through private donations and gifts and/or the establishment of a foundation that could provide financial support. Local school districts could also provide technical and other support and expertise as needed.

In accordance with Section 59-42-100, per pupil state aid (including Education Finance Act, Education Improvement Act and Education Accountability Act funds, etc.) to districts contributing at least 10% of the Governor's School enrollment could be reduced depending on enrollment growth in those districts. Therefore, the net impact on the General Fund of the State could be less depending on any reduction in state aid to those districts experiencing a potential net reduction in enrollment.

Approved by:



Don Addy  
Assistant Director, Office of State Budget